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## **C&D INTERNATIONAL INVESTMENT GROUP LIMITED**

**建發國際投資集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1908)**

### **CONNECTED TRANSACTION FORMATION OF JOINT VENTURE IN RELATION TO LAND IN DONGGUAN**

#### **COOPERATION AGREEMENT**

Xiamen Hongyaoyi, a wholly-owned subsidiary of the Company, successfully won the bid on 28 June 2023 for the auction for the land use rights of the Land which is located in the east to Hongweiliu Road, Nancheng Street, Dongguan City, Guangdong Province (Parcel No. Dongguan 2023WR003 (東莞2023WR003號)) for a total consideration of RMB1,459,614,646. On 12 July 2023, Dongguan Zhaoxi and Dongguan Natural Resources Bureau entered into the supplemental agreement to the Land Use Rights Grant Contract for acquisition of the Land by Dongguan Zhaoxi. As at the date of this announcement, Xiamen Hongyaoyi has paid RMB400,000,000 to the Dongguan Natural Resources Bureau as the security deposit for the Land, and Dongguan Zhaoxi has paid the first instalment for the acquisition of the Land in the amount of RMB329,807,323 to the Dongguan Natural Resources Bureau.

On 11 September 2023, Xiamen Hongyaoyi and Shenzhen Lianyue entered into the Cooperation Agreement, pursuant to which, among other things, Xiamen Hongyaoyi agreed to sell, and Shenzhen Lianyue agreed to purchase 30% equity interest in Dongguan Zhaoxi at nil consideration (subject to the amount filed or approved by the state-owned assets authorities), for the purpose of developing the Land together through Dongguan Zhaoxi. The initial registered capital of Dongguan Zhaoxi shall be RMB1,500,000,000. Pursuant to the terms of the Cooperation Agreement, the total capital commitment to be made by Xiamen Hongyaoyi to Dongguan Zhaoxi is expected to be RMB1,050,000,000, using self-owned funds of the Group; and the capital commitment to be made by Shenzhen Lianyue to Dongguan Zhaoxi is expected to be RMB450,000,000.

Upon completion of the Transaction, Xiamen Hongyaoyi and Shenzhen Lianyue shall own 70% and 30% equity interests in Dongguan Zhaoxi, respectively. Dongguan Zhaoxi will continue to be an indirect subsidiary of the Company and its financial results will remain consolidated into the financial statements of the Company.

## **LISTING RULES IMPLICATIONS**

As C&D Inc. is a controlling shareholder of the Company and Lianfa Group is a subsidiary of C&D Inc., and Shenzhen Lianyue is a wholly-owned subsidiary of Lianfa Group, each of Lianfa Group and Shenzhen Lianyue is a connected person of the Company. As such, the transactions contemplated under the Cooperation Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Cooperation Agreement is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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## **COOPERATION AGREEMENT**

The principal terms of the Cooperation Agreement are set out as follows:

### **Date**

11 September 2023 (after trading hours)

### **Parties**

- (1) Xiamen Hongyaoyi
- (2) Shenzhen Lianyue

### **Subject matter**

As at the date of this announcement, Dongguan Zhaoxi is wholly-owned by Xiamen Hongyaoyi, which is in turn a wholly-owned subsidiary of the Company. Dongguan Zhaoxi was established on 7 July 2023 for the purpose of holding the Land directly and the development thereof.

Xiamen Hongyaoyi shall transfer 30% of Dongguan Zhaoxi's equity interest held by it to Shenzhen Lianyue at nil consideration (subject to the amount filed or approved by the state-owned assets authorities). The consideration for the 30% equity interest in Dongguan Zhaoxi was determined based on arm's length negotiation among Xiamen Hongyaoyi and Shenzhen Lianyue with reference to the valuation of the total assets and liabilities of Dongguan Zhaoxi conducted by Xiamen Jiaxue Real Estate Appraisal Co., Ltd\* (廈門嘉學資產評估房地產估價有限公司), a third party independent of the Company and its connected persons. As at 20 July 2023, the total assets of Dongguan Zhaoxi was valued at RMB400,000,000, consisting of (i) net assets of nil and (ii) total liabilities of RMB400,000,000.

### **Capital commitment in Dongguan Zhaoxi**

The initial registered capital of Dongguan Zhaoxi shall be RMB1,500,000,000, which has not been not paid up. Pursuant to the terms of the Cooperation Agreement, Xiamen Hongyaoyi and Shenzhen Lianyue shall contribute RMB1,050,000,000 and RMB450,000,000, respectively, according to their respective proportion in the equity interests in Dongguan Zhaoxi. Xiamen Hongyaoyi and Shenzhen Lianyue shall complete its contribution to Dongguan Zhaoxi's registered capital by 30 December 2023.

The contribution to Dongguan Zhaoxi's registered capital by Xiamen Hongyaoyi and Shenzhen Lianyue will be used for the acquisition of the Land and its development. Xiamen Hongyaoyi and Shenzhen Lianyue agreed that working capital required for the subsequent development of the Land shall be preferentially settled through self-financing raised by Dongguan Zhaoxi. The total capital commitment of Xiamen Hongyaoyi to Dongguan Zhaoxi of RMB1,050,000,000 was determined after arm's length negotiation among the parties to the Cooperation Agreement with reference to the consideration and other expenses of the Land. The capital commitment of Xiamen Hongyaoyi will be financed with the self-owned funds of the Group. The Directors considered that the amount of capital commitment payable by Xiamen Hongyaoyi under the Cooperation Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, Xiamen Hongyaoyi has paid RMB400,000,000 to the Dongguan Natural Resources Bureau as the security deposit for the Land; and Dongguan Zhaoxi has paid the first instalment for the acquisition of the Land in the amount of RMB329,807,323 to the Dongguan Natural Resources Bureau. Within 5 business days after entering into the Cooperation Agreement, Shenzhen Lianyue shall contribute RMB120,000,000 and RMB98,942,196.9 to Dongguan Zhaoxi, being the security deposit paid by Xiamen Hongyaoyi in respect of the shareholding proportion (i.e. 30%) borne by Shenzhen Lianyue in Dongguan Zhaoxi and first instalment for the acquisition of the Land, which shall be repaid to Xiamen Hongyaoyi. As a result of the payment of security deposit by Xiamen Hongyaoyi on behalf of Dongguan Zhaoxi and Dongguan Zhaoxi has used the loan provided by Xiamen Hongyaoyi to pay the first instalment for the Land, Xiamen Hongyaoyi shall contribute approximately RMB539,000,000 to Dongguan Zhaoxi's registered capital.

## **Board composition**

The board of directors of Dongguan Zhaoxi will consist of three directors, two of whom will be appointed by Xiamen Hongyaoyi and one of whom will be appointed by Shenzhen Lianyue. All matters to be decided by the board of directors of Dongguan Zhaoxi shall be by majority decision.

## **Supervisor**

Dongguan Zhaoxi will not have a board of supervisors but will have two supervisors instead, and each of Xiamen Hongyaoyi and Shenzhen Lianyue is entitled to appoint one supervisor.

## **Shareholders' voting mechanism**

At the shareholders' meeting of Dongguan Zhaoxi, other than annual financial budget, final accounts plan, which required the approval of one-half or more of the voting rights by shareholders of Dongguan Zhaoxi, other matters are approved by unanimous consent by all shareholders of Dongguan Zhaoxi.

## **Completion**

Completion is subject to Xiamen Hongyaoyi completing the filing or approval procedures of state-owned assets valuation on Dongguan Zhaoxi.

Upon completion of the Transaction, Xiamen Hongyaoyi and Shenzhen Lianyue shall own 70% and 30% equity interests in Dongguan Zhaoxi, respectively. Dongguan Zhaoxi will continue to be an indirect subsidiary of the Company and its financial results will remain consolidated into the financial statements of the Company.

## **FINANCIAL EFFECTS OF THE TRANSACTION**

The Company expects to record no significant gain or loss as a result of the Transaction as the consideration was made with reference to the audited net asset value of Dongguan Zhaoxi as at 20 July 2023. The actual amount of gain or loss as a result of the Transaction to be recognised by the Company will be subject to audit and may vary.

## **INFORMATION OF DONGGUAN ZHAOXI**

Dongguan Zhaoxi was established with limited liability in the PRC on 7 July 2023. As at the date of this announcement, Dongguan Zhaoxi remained inactive. As at 20 July 2023, the audited total assets and net assets of Dongguan Zhaoxi was valued at RMB400,000,000 and nil, respectively. From 7 July 2023 to 20 July 2023, Dongguan Zhaoxi recorded no net gain/loss before and after taxation.

The principal assets of Dongguan Zhaoxi shall be the Land.

## **INFORMATION RELATING TO THE LAND**

The Land is located in the east to Hongweiliu Road, Nancheng Street, Dongguan City, Guangdong Province (Parcel No. Dongguan 2023WR003 (東莞2023WR003號)). It is situated in the core area of Nancheng Street and is surrounded by schools, hospitals, shopping malls, etc., offering superior overall quality. The Land has a total site area of approximately 17,710 sq.m. and an estimated gross floor area of not exceeding approximately 56,141 sq.m.. On 12 July 2023, Dongguan Zhaoxi entered into supplemental agreement to the Land Use Rights Grant Contract with the Dongguan Natural Resources Bureau for acquisition of the land use rights of the Land by Dongguan Zhaoxi. The terms of the land use rights of the Land for residential and commercial use are 70 and 40 years, respectively.

## **INFORMATION ABOUT PARTIES TO THE COOPERATION AGREEMENT**

Xiamen Hongyaoyi is a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company and is principally engaged in the property development and operation businesses.

Shenzhen Lianyue is a company established in the PRC with limited liability, a wholly-owned subsidiary of Lianfa Group and is principally engaged in the property development and operation businesses.

## **APPROVAL BY THE BOARD**

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Directors had material interest in the transactions contemplated under the Cooperation Agreement, and accordingly none of them was required to abstain from voting on the Board resolution for considering and approving the transactions contemplated under the Cooperation Agreement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in the businesses of real estate development, real estate industry chain investment services and investment in emerging industries in the PRC.

The entering into the Cooperation Agreement will enable the Group and Lianfa Group to collaborate in the process of developing the Land by leveraging their respective strengths to enhance the efficiency of land development and operation as well as the use of capital, therefore sharing its risks and benefits. The Directors believe that the joint development of the Land with Lianfa Group can continue to explore the advantages of brand synergy and further expand the influence of “C&D” as a brand.

The Directors (including the independent non-executive Directors) consider that the terms of the Cooperation Agreement are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As C&D Inc. is a controlling shareholder of the Company and Lianfa Group is a subsidiary of C&D Inc. and Shenzhen Lianyue is a wholly-owned subsidiary of Lianfa Group, each of Lianfa Group and Shenzhen Lianyue is a connected person of the Company. As such, the transactions contemplated under the Cooperation Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“C&D Inc.”	Xiamen C&D Inc. (廈門建發股份有限公司), a joint stock company established in the PRC with limited liability listed on the Shanghai Stock Exchange (stock code: 600153) and a controlling shareholder of the Company
“Company”	C&D International Investment Group Limited (建發國際投資集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 11 September 2023 entered into between Xiamen Hongyaoyi and Shenzhen Lianyue regarding, among other things, the transfer of 30% equity interest in Dongguan Zhaoxi for the purpose of jointly developing the Land and the capital contribution to Dongguan Zhaoxi
“Directors”	the directors of the Company
“Dongguan Zhaoxi”	Dongguan Zhaoxi Real Estate Development Co., Ltd.* (東莞市兆禧房地產開發有限公司), a company established in the PRC with limited liability

“Group”	the Company and its subsidiaries and, where the context so requires, includes its associates and joint ventures
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land located in the east to Hongweiliu Road, Nancheng Street, Dongguan City, Guangdong Province (Parcel No. Dongguan 2023WR003 (東莞2023WR003號)), with a total site area of approximately 17,710 sq.m. and an estimated gross floor area of not exceeding approximately 56,141 sq.m.
“Land Use Rights Grant Contract”	the State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 7 July 2023 entered into between Xiamen Hongyaoyi and the Dongguan Natural Resources Bureau regarding the acquisition of the Land
“Lianfa Group”	Lianfa Group Company Limited* (聯發集團有限公司), a company established in the PRC with limited liability and a subsidiary of C&D Inc.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Lianyue”	Shenzhen Lianyue Real Estate Development Co., Ltd.* (深圳聯粵房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Lianfa Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the entering into of the Cooperation Agreement and the proposed transactions contemplated thereunder

“Xiamen Hongyaoyi”

Xiamen Hongyaoyi Real Estate Development Co., Ltd.\* (廈門市泓垚翊房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“%”

per cent.

For and on behalf of  
**C&D International Investment Group Limited**  
**Lin Weiguo**  
*Executive Director and Chief Executive Officer*

Hong Kong, 11 September 2023

*As at the date of this announcement, the executive Directors are Ms. Zhao Chengmin (Chairperson), Mr. Lin Weiguo (Chief Executive Officer), Mr. Tian Meitan and Mr. Peng Yong; the non-executive Directors are Mr. Huang Wenzhou, Ms. Ye Yanliu and Mr. Zheng Yongda; and the independent non-executive Directors are Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi.*

\* For identification purposes only